

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-11 ADP-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-09 NSAE-00 RSC-01 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-10 SS-14 STR-08 CEA-02 L-03

H-02 PA-03 PRS-01 USIA-12 IO-12 RSR-01 AGR-20 INRE-00

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 3723

INFO AMEMBASSY BANGKOK PRIORITY

AMEMBASSY VIENTIANE PRIORITY

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USADB

FOR NAC AGENCIES

BANGKOK FOR RED

E. O. 11652: ADS, DECLAS 4-13-73

TAGS: EAID, EFIN, LA

SUBJECT: PROPOSED ADB TA TO LAOS FOR PREPARATION OF CASIER
SUD PIONEER AGRICULTURAL PROJECT

REF: (A) MANILA 11055 OF 1 DEC 71

(B) MANILA 1605 OF 25 FEB 70

(C) BANGKOK 3899

SUMMARY: ADB MANAGEMENT PROPOSES THAT ADB PROVIDE \$115,000
OF FOREIGN EXCHANGE COSTS OF TECHNICAL ASSISTANCE TO LAOS
TO PREPARE MEKONG COMMITTEE CASIER SUD PIONEER AGRICULTURAL
PROJECT, AS DELEGATED EXECUTING AGENCY FOR IBRD, TO BE
FINANCED FROM FUND FOR PREPARATION OF PIONEER AGRICULTURAL
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PROJECTS IN LOWER MEKONG BASIN. USADB RECOMMENDS FAVORABLE NAC ACTION. TO BE DISCUSSED AT ADB BOARD OF DIRECTOR'S MEETING 22 MARCH.

1. ADB DOC R19-73 DTD 26 FEB 1973 DESCRIBING PROPOSED TECHNICAL ASSISTANCE POUCHED ADDRESSEES 28 FEB. BOARD CONSIDERATION SCHEDULED 22 MARCH.

2. ADB MANAGEMENT PROPOSING \$115,000 OF GRANT TECHNICAL ASSISTANCE TO LAOS TO BE FINANCED FROM MEKONG COORDINATING COMMITTEE (MCC) \$2.04 MILLION FUND FOR PREPARATION OF PIONEER AGRICULTURAL PROJECTS IN LOWER MEKONG BASIN. ADB WILL ACT AS DELEGATED EXECUTING AGENCY OF IBRD UNDER ADB/IBRD/ UNDP/ MCC MEMORANDUM OF UNDERSTANDING APPROVED 14 DEC 1971 BY BOARD OF DIRECTORS (REF A). BANK WILL BE PAID 6.5 PERCENT OVERHEAD. PROJECT WILL FINANCE FOREX COST ABOUT 17 MAN MONTHS OF CONSULTING SERVICES IN IRRIGATION, PLANNING, DESIGN, ENGINEERING, SOIL, AGRONOMY, AGRICULTURAL ECONOMICS, AND FISHERIES, TO ASSESS TECHNICAL AND ECONOMIC VIABILITY OF CASIER SUD PIONEER AGRICULTURAL PROJECT AND PRODUCE FEASIBILITY REPORT AS BASIS FOR FINANCING AND IMPLEMENTATION.

3. CASIER SUD AREA CONTAINS ABOUT 5000 IRRIGABLE HA LOCATED INSIDE LOOP OF MEKONG, IMMEDIATELY DOWNSTREAM FROM VIENTIANE. IT IS PART OF VIENTIANE PLAIN FOR WHICH AN INTEGRATED AGRICULTURAL DEVELOPMENT PROGRAM COVERING 33,500 HA WAS RECOMMENDED (1969) BY AN EARLIER ADB TA PROJECT, WHICH IDENTIFIED EIGHT IRRIGATION PROJECTS FOR PHASED DEVELOPMENT OVER 15 YEARS, WITH 800 HA THA NGON GIVEN FIRST PRIORITY AND CASIER SUD SECOND. ADB LOAN (REF B) FOR THA NGON AGRICULTURAL DEVELOPMENT PROJECT APPROVED 10 MAR 1970. DETAILED DESIGNS FOR CASIER SUD PROJECT PREPARED 1970 UNDER BILATERAL AID (MAJOR ENGINEERING ASPECTS BY NEW ZEALAND AND MAJOR AGRICULTURAL ASPECTS BY ISRAEL) BASED ON NIPPON KOEI FEASIBILITY STUDY ORIGINALLY DONE IN 1964 AND UPDATED 1968 TO INCLUDE CONSIDERATION OF 1966 FLOOD DAMAGE TO AREA. TA PAPER CONTAINS OUTLINE OF VARIOUS STUDIES ON AREA (P.5).

4. AT REQUEST OF IBRD, EXECUTING AGENCY FOR \$2.04 MILLION MCC FUND FOR PIONEER AGRICULTURAL PROJECTS IN LOWER MEKONG BASIN, FAO FORMULATED A PROPOSAL FOR THA DEUA PROJECT (WHICH HAD BEEN GIVEN 4 TH PRIORITY) AND COMPARED IT WITH LIMITED OFFICIAL USE

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CASIER SUD, CONFIRMING PRIORITY OF LATTER. FAO MISSION

CONCLUDED PROTECTION DIKE SHOULD BE BUILT AGAINST FLOODING OF THE 5000 HA AREA, BUT BECAUSE OF MARKETING, ECONOMIC, FINANCIAL AND MANAGERIAL CONSTRAINTS IN LAOS, ONLY 400 HA SHOULD BE PUMP IRRIGATED IN FIRST STAGE AND RAINFED CULTIVATION IMPROVED ON REMAINDER. SECOND INTER- AGENCY MEETING ON MEKONG PIONEER AGRICULTURAL PROJECTS OCTOBER 1972 AGREED THAT 400 ACRES TOO SMALL FOR PIONEER PROJECT, AND THAT A NEW FEASIBILITY STUDY BE PREPARED FOR 2000 ACRES.

5. CASIER SUD PROJECT TO BUILD ON EARLIER THA NGON PROJECT. AS PIONEER PROJECT IT IS TO PIONEER IN DEVELOPING TYPICAL MEKONG LEVEE SOIL AREA FOR DIVERSIFIED CROPS; THA NGON WAS FOREST AREA WITH CLAY SOIL. CONSTRUCTION PROPOSED TO START AFTER COMPLETION OF THA NGON SCHEDULED MAY 1974. CASIER SUD PROJECT TO BE FIRST PHASE DEVELOPMENT WITHIN THE LONGER RUN AIM OF IRRIGATING THE ENTIRE 5000 HA. PROPOSED TO CONSIST OF CONSTRUCTION OF DIKING AGAINST FLOODING FOR 5000 HA; CONSTRUCTION OF IRRIGATION, DRAINAGE AND ROAD NETOWRKS FOR TOTAL OF ABOUT 2000 HA OF LEVEL SOILS AND UPPER ZONES OF FLOOD PLAIN FOR YEAR- ROUND, DIVERSIFIED CROPPING AND MODERN AGRICULTURAL PRODUCTION; PRODUCTION IMPROVEMENT IN REMAINING 3000 HA; INTRODUCTION OF FISH CULTURE IN LOWER AREA WHERE DRAINAGE BY GRAVITY ASSURED; AND FORMULATION OF AN AGRICULTURAL DEVELOPMENT PROGRAM INCLUDING CROPPING PATTERNS, INPUT SUPPLY, CREDIT, MARKETING, PROCESSING, STORAGE, RESEARCH, EXTENSION, TRAINING, AND FARMERS ORGANIZATION. CONSULTANTS EXPECTED TO BE IN FIELD THREE MONTHS. TERMS OF REFERENCE LISTED IN SEVEN PAGE APPENDIX TO TA PAPER. IBRD TO PROVIDE TOPOGRAPHICAL EXPERT.

6. USADB BELIEVES PROPOSED PROJECT DESIRABLE AND THAT ADB TECHNICAL ASSISTANCE FOR PROJECT PREPARATION IS SOLID STEP IN DEVELOPMENT LAOS, AND IN FURTHERING PIONEER PROJECT WHICH SHOULD BE USEFUL FOR REST OF MEKONG AREA. USADB SUPPORTS PROPOSAL AND RECOMMENDS FAVORABLE NAC ACTION.

7. HAVE DISCUSSED PARA 1 AND 2 OF REF C WITH MANAGEMENT. LATTER FULLY AWARE MCC VITAL ROLE AND BELIEVED THIS ROLE KNOWN BY ALL. NOT FEASIBLE TO ASK BANK TO REVISE TA PAPER, LIMITED OFFICIAL USE

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BUT MANAGEMENT KNOWS OUR CONCERN AND WE BELIEVE PROBLEM WILL BE RECTIFIED IN ANY FURTHER DOCUMENTATION AND IN PRESENTATION OF PROJECT AT BOARD OF DIRECTOR' S MEETING. IF NOT, U. S. DIRECTOR WILL RAISE.

8. REQUEST VIENTIANE AND RED COMMENTS FOR NAC AGENCIES,
INFO USADB MANILA, PURSUANT TO STATE 119795 DTD 3 JULY 1972.
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